Court

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No. _____

IN THE
SUPREME COURT OF THE UNITED STATES

EDWIN KENNEDY,

Petitioner,

v.

NATIONAL JUVENILE DETENTION ASSOCIATION (NJDA), and the ILLINOIS JUVENILE JUSTICE COMMISSION (IJJC),

Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

EDWIN KENNEDY
Petitioner *Pro Se*

781 COUNTY ROAD A
EDGERTON, WI 53534
(608) 884-6775

Petitioner

BECKER GALLAGHER LEGAL PUBLISHING, INC.,
CINCINNATI, OHIO 800-890-5001

67 pp

QUESTIONS PRESENTED

1. May a divided Seventh Circuit affirm dismissal of a copyright infringement claim under Fed.R.Civ.P. 12(b)(6) when lack of unanimity on *de novo* review prevents the court from concluding "beyond doubt that the plaintiff can prove no set of facts in support of his claim" as required by *Conley*.

2. May the Seventh Circuit permit employers to use copyrightable material created by an independent contractor "in any manner for any purpose whatsoever" where:

   a) the employer does not have a made-for-hire agreement, transfer, or exclusive license;

   b) the employer is not an author;

   c) the copyright clause in the 1995 employer-prepared agreement was written under the Copyright Act of 1909.

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United States Constitution Cited:

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OPINIONS BELOW

A copy of the Opinion of the U.S. Court of Appeals for the Seventh Circuit is included in Appendix A at 1a - 15a. A copy of the Opinion and Order of the District Court for the Western District of Wisconsin is included in Appendix B at 16a - 37a. A copy of the district court's Final Judgment entered on February 4, 1998 is included in Appendix B at 37a - 38a. A copy of the denial of a timely filed U.S. Court of Appeals Petition for Rehearing is included in Appendix C at 39a.

JURISDICTION

The United States Court of Appeals for the Seventh Circuit denied a timely filed Petition for Rehearing on September 24, 1999. This Petition for Writ of Certiorari is filed within 90 days of that denial. The Court's jurisdiction is invoked pursuant to 28 U.S.C. § 1254.

The constitutionality of 17 U.S.C. § 511 is drawn into question in this petition. It was also drawn into question in the district court by the State of Illinois, and in the court of appeals by both the State of Illinois and the petitioner. As a result, 28 U.S.C. § 2403(a) may apply and a copy of this petition has been served on the Solicitor General of the United States as required by Rule 29.4(b). The United States requested leave to intervene on the constitutionality of 17 U.S.C. § 511 in both lower court proceedings and leave was granted in both instances.

CONSTITUTIONAL AND STATUTORY PROVISIONS

The Eleventh Amendment to the United States Constitution provides:

> The judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by citizens of another state, or by citizens or subjects of any foreign state.

17 U.S.C. § 511(a), Liability of States for Copyright Infringement (in relevant part):

> Any State, any instrumentality of a State ... shall not be immune, under the Eleventh Amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in Federal Court by any person ... for a violation of any of the exclusive rights of a copyright owner ... or for any other violation under this title.

17 U.S.C. § 101, Work Made-For-Hire Requirements (in relevant part):

> A "work made for hire" is -- (2) a work specially ordered or commissioned for use as a contribution to a collective work ... as a supplementary work, as a compilation, as an instructional text ... if the parties expressly agree in a written instrument signed by them

that the work shall be considered a work made for hire.

17 U.S.C. § 201(e), Involuntary Transfer (in relevant part):

> When an individual author's ownership of a copyright, or of any of the exclusive rights under a copyright, has not previously been transferred voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title....

17 U.S.C. § 204(a), Transfer of Ownership:

> A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent.

STATEMENT OF THE CASE

Petitioner's action is brought under Title 17, the Copyright Act of 1976. The State of Illinois is one of two defendants and has claimed sovereign immunity.

The plaintiff contends that the design and content of copyrightable material, including a compilation prepared for the defendants on commission, was infringed when the work was used to create derivative works. Neither defendant has disputed that derivative works were created, and the courts below acknowledge that the contract does not explicitly grant derivative rights, although it explicitly grants reproduction and publication rights. The district court and a divided court of appeals held that the seven-word phrase in Appendix A at 3a, although not used in reference to copyrightable material, nevertheless permits the defendants to use commissioned material "in any manner for any purpose whatsoever". The case was therefore dismissed under Fed.R.Civ.P. 12(b)(6).

The defendants are the National Juvenile Detention Association (NJDA), a Kentucky-based not-for-profit, and the Illinois Juvenile Justice Commission (IJJC), a Chicago-based State of Illinois agency. Kennedy is an independent contractor with an office in south-central Wisconsin.

In mid-1995 Kennedy was recruited by Anne Studzinski, Administrator for the Chicago-based Illinois Juvenile Justice Commission (IJJC), to conduct a ten-month study of the juvenile justice needs in Illinois' Seventh Judicial Circuit. The Seventh Judicial Circuit of Illinois encompasses Sangamon County, which includes Springfield and the State Capitol, and five surrounding counties.

Kennedy was one of seven individuals initially recruited by Studzinski for various aspects of the study. All but two of the individuals were recruited independently and all had different backgrounds and knowledge in the areas of law enforcement, juvenile justice, architecture, and program evaluation. Two of the seven individuals eventually declined to participate in the study.

Earl Dunlap, NJDA's Executive Director, was designated by Studzinski to be project director, and his organization was given responsibility for preparing contracts, monitoring progress, and overseeing payroll and budget. Dunlap and his Michigan-based NJDA associate had both worked with Studzinski on previous projects of a similar nature, as had the architectural consultant. The two remaining project consultants, including Kennedy, had no prior experience with Dunlap, Studzinski, IJJC, NJDA or anyone else connected with the study.

In late October 1995 Dunlap prepared contracts between NJDA and each of the five consultants Studzinski had recruited (which included Dunlap). Studzinski and IJJC were not parties to the agreements. Each consultant had different roles and responsibilities, but each agreement included a work plan Kennedy had prepared at Studzinski's request. The work plan was based on a work plan Studzinski had used in earlier studies, and Kennedy prepared it as a blueprint for the study as a whole. He had been asked by Studzinski, and had agreed, to conduct the majority of the study, do all of the analyses, write all reports and related drafts, and prepare the final report in its entirety. (Appendix A at 2a, Appendix B at 19a.)

All five agreements were identical except for the name of the consultant in appropriate places, the consultant's rate of

pay, and the consultant's expected time commitment to the project. Each agreement contained a two-page consulting agreement, the work plan prepared by Kennedy, a one line budget for that consultant, and a multi-page conditions and assurances attachment.

The conditions and assurances attachment contained a two sentence usage clause that covered a wide variety of potential deliverables, most of which were not envisioned for the project, and suggested that the contract was a boiler plate that had been used before. The first sentence of the usage clause grants "the government" broad rights for "original" material created under the contract, including the right to use such material "in any manner for any purpose whatsoever". The second sentence of the usage clause addresses "copyrightable" material without explaining the difference between "original" material and "copyrightable" material. Where copyrightable material was concerned, the agreement explicitly permits Kennedy to copyright his own material and grants the government only nonexclusive reproduction and publication rights of such material.

Kennedy was the only consultant with a full-time commitment to the project. He gathered all data, analyzed it, subcontracted data entry and clerical tasks as necessary, and designed and wrote all drafts. He also maintained full editorial control of the material throughout the project.

Although none of the other consultants were asked or expected to submit anything of publishable quality, the architectural consultant prepared a carefully and well-written assessment of the juvenile detention facility in Springfield, and proposed a number of physical plant options for planning purposes. He also prepared a number of schematics. The architect's contributions were so well prepared that Kennedy

asked him if his material could be incorporated directly into the final report with minor editing. The architect agreed and his material was used almost verbatim.

In addition, the Michigan-based NJDA consultant offered Kennedy a document he had written and published for an entirely different purpose some years earlier. It did not fit well with the Seventh Circuit study, so Kennedy did not use much of it and, with the consultant's permission, heavily edited what he used. Several pages of federal public domain material were also included in various parts of what was by then a compilation or collection.

Kennedy completed and submitted the final draft of the report ten days prior to the expiration of the agreement, giving Studzinski, Dunlap, and others time to review and comment. The final draft differed little from previously circulated drafts, so Kennedy did not expect additional comments and none were received. The contract expired on September 30, 1996.

Not long after the contract expired, Studzinski indicated in a private conversation with Dunlap that she wanted a few changes to the final report. Most were editorial changes that would not have affected the substance of the report, but would have been time consuming and no additional funding was being offered. The request particularly angered Dunlap because Studzinski had made a similar request at the conclusion of a previous study he had managed. Moreover, Studzinski had been given many opportunities to provide input over a period of six months or more, and had waited until the contract expired to do so.

The request also angered Dunlap because there had been a general falling out between Studzinski, Dunlap, and

other consultants midway through the project when she told the consultants through her assistant that they were to omit references to juvenile detention accounting irregularities and juvenile arrest and detention practices that appeared to be targeting minorities. Dunlap and Kennedy were most directly affected because Dunlap had overall project management responsibility and Kennedy was conducting the study and preparing the report. In consultation with one another they decided that if the report failed to address those findings, it would be impossible to make meaningful recommendations for the Seventh Judicial Circuit, and it may have led to troubling ethical and perhaps legal complications. Studzinski was told as delicately as possible that IJJC had made it clear at the outset that it wanted an independent and objective inquiry, and it was therefore in the best interest of all parties to keep it that way. Studzinski reacted angrily and refused to communicate with Dunlap or anyone else involved in the study until the contract expired.

But in time, Studzinski told Dunlap she was prepared to pay Kennedy an additional $10,000 to make unspecified changes to the report. She would not elaborate on the nature or extent of the changes she wanted, but indicated that no one would not be paid for their work until all changes had been made to her satisfaction.

For his part, Kennedy had already donated about $16,000 of time and out-of-pocket expenses to the project, and repeatedly had difficulty getting paid in a timely manner. He was not inclined to make unspecified changes to a document he regarded as more than sufficient. And he would not permit his name to be used to present altered findings or recommendations.

But, Studzinski would have it no other way, so Kennedy declined the offer. Under the original agreement, Studzinski already had the right to reproduce and publish the report "in whole or in part", and that permitted her to use it virtually without restriction as long as she did not alter whatever she chose to use, or attribute material to Kennedy that he did not write.

When Kennedy declined to agree to a new contract and declined to permit the defendants to alter his material, Dunlap filed suit against Kennedy in Kentucky state court for breach of contract. The suit claimed that Kennedy violated his contract when he refused to permit NJDA and IJJC to alter his material. Kennedy was financially unable to retain an attorney in Kentucky, and was not successful in getting the Kentucky court to rule on its jurisdiction to hear a case involving copyright. As a result, a default judgment was entered against Kennedy and remains pending.

Kennedy in turn filed a *pro se* suit against Studzinski and Dunlap in federal court. Kennedy later amended the complaint, making NJDA and IJJC the defendants, and he attached a copy of the agreement to the complaint to show that derivative rights had not been granted.

The United States intervened on the constitutionality of 17 U.S.C. § 511, which abrogates state sovereignty, but the United States also urged the court to dismiss the case before reaching the constitutional issue. The court agreed and dismissed the claim under Fed.R.Civ.P. 12(b)(6).

In its February 4, 1998 ruling, the district court cited *Gulf Oil Co. v. Bernard*, 452 U.S. 89, 99 (1981) as the rule "long established that federal courts must consider non-

constitutional grounds for decision before reaching any constitutional questions." (Appendix B at 25a.) The court acknowledged the legal sufficiency of the claim (Appendix B at 30a), but concluded that the word "use" and the phrase "in any manner for any purpose whatsoever" had to be construed to grant the defendants more than just reproduction and publication rights. (Appendix B at 32a.)

On appeal, the plaintiff agreed with the State of Illinois that the Supreme Court's ruling in *Seminole Tribe v. Florida* 517 U.S. 44 (1996) appeared to apply to copyrights as well; Congress had therefore exceeded its authority in 17 U.S.C. § 511, and Illinois was immune from suit. The plaintiff argued, however, that NJDA did not enjoy immunity, that Rule 12(b)(6) dismissal was inconsistent with *Conley* and *Neitzke*, that contract ambiguity should be resolved against the party that drafted the agreement, and that the 1976 Act and the Supreme Court's unanimous ruling in *Community for Creative Non-Violence v. Reid* 490 U.S. 730 (1989) prevented IJJC and NJDA from using made for hire material "in any manner for any purpose whatsoever" without a made-for-hire agreement. The plaintiff also noted that 17 U.S.C. § 201(e) prohibited government agencies and others from usurping copyrights. Although the appeal was *de novo*, the court of appeals focused almost exclusively on the rules of contract construction the lower court relied on to dismiss the case. (Appendix A at 6a.)

A divided Seventh Circuit majority affirmed the lower court's ruling without commenting on made-for-hire restrictions or involuntary transfers. The majority agreed with the district court that the phrase "in any manner for any purpose whatsoever" permitted the defendants to use the plaintiff's material without restriction. (Appendix A at 7a.)

ARGUMENT 1

A Recognized Legal Claim May Not Be Dismissed Under Fed.R.Civ.P. 12(b)(6)

Fed.R.Civ.P. 12(b)(6) permits district courts to dismiss complaints for "failure to state a claim upon which relief can be granted", and the Supreme Court's ruling in *Conley* is one of the standards by which the appropriateness of Rule 12(b)(6) dismissal is measured on appeal:

> a complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief. *Conley v. Gibson* 355 U.S. 41 (1957).

Conley makes it difficult for judges to dismiss recognized legal claims when complaints are succinct. But, when complaints include attachments, courts are permitted to take note of them for purposes of 12(b)(6). And when an attachment contains information that can be construed to cast doubt on an otherwise legal claim, district court judges are not precluded by *Conley* from using 12(b)(6) if it appears that the plaintiff will be unlikely to prove any "set of facts in support of his claim which would entitle him to relief." Such a reading of *Conley* not only permits judges to assess the adequacy of notice pleading factual allegations, but almost encourages it, even if the complaint itself plainly presents a recognized legal claim.

In the present matter, the district court was permitted to consider the Agreement for Consulting Services that was attached to the amended complaint. It was attached to the

complaint expressly for that purpose because it was self evident from the agreement that the defendants had not been granted derivative rights, the rights at issue.

Indeed, after reviewing the attachment, the district court agreed that the contract did not grant the defendants derivative rights (Appendix B at 32a), and the defendants did not dispute that they had in fact created derivative works after the effective date of copyright. There was, therefore, no question that a legal claim had been stated and, to some extent, the legitimacy of the claim was reinforced by the defendants. Rule 12(b)(6) required the court to deny the motion. But *Conley* did not, and the district court proceeded under *Conley* to move beyond the legitimacy of the claim and assess the likelihood that it might eventually grant relief.

The court's assessment of the allegations, which even the Seventh Circuit prohibited in a recent ruling, was conducted with nothing but notice pleading information. But under pressure from the United States to resolve the dispute without reaching the Eleventh Amendment issue, the court did not deny the Rule 12(b)(6) motion as it should have, even though it acknowledged the sufficiency of the complaint and the claim. (Appendix B at 30a.) The court was unable to find statutory support for dismissal, so it turned to common law contract conventions and concluded that the amorphous word "use", although not associated with any right of copyright, had to mean something. The court further reasoned that since there are only 3 exclusive rights of copyright for literary works (there are actually five), "use" had to refer to "derivative" rights. (Appendix B at 32a.) The district court went far afield of statutory safeguards to invoke 12(b)(6), and did so solely to avoid an Eleventh Amendment confrontation. (Appendix B at 25a.)

Several courts of appeal and the Supreme Court have made it increasingly difficult for district court judges to use Rule 12(b)(6) as the district court did in this case. *Neitzke v. Williams* 490 U.S. 319 (1989), for example, prohibits district courts from invoking 12(b)(6) simply because a judge doesn't happen to believe or doesn't want to believe the plaintiff's notice pleading factual allegations:

> Rule 12(b)(6) authorizes a court to dismiss a claim on the basis of a dispositive issue of law. *Hishon v. King & Spalding*, 467 U.S. 69, 73 (1984); *Conley v. Gibson*, 335 U.S. 41, 45-46 (1957). This procedure, operating on the assumption that the factual allegations in the complaint are true, streamlines [490 U.S. 319, 327] litigation by dispensing with needless discovery and factfinding. Nothing in Rule 12(b)(6) confines its sweep to claims of law which are obviously insupportable. On the contrary, if as a matter of law "it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations," *Hishon*, supra, at 73, a claim must be dismissed, without regard to whether it is based on an outlandish legal theory or on a close but ultimately unavailing one. What Rule 12(b)(6) does not countenance are dismissals based on a judge's disbelief of a complaint's factual allegations. District court judges looking to dismiss claims on such grounds must look elsewhere for legal support.

Under the Federal Rules of Civil Procedure, *Conley*, *Neitzke*, *Hishon*, and a number of other rulings, only three things in the pleadings or their attachments in this case would

have permitted the district court to dismiss under Rule 12(b)(6). The first would have been an explicit license to exercise derivative rights; the second would have been a made for hire agreement; and the third would have been a transfer of copyright. None of those existed. In the absence of a clear dispositive issue of law, the district court should not have rummaged through the agreement looking for anything that might permit it to invoke Rule 12(b)(6).

Although the Seventh Circuit did not comment on the Circuit's present internal disagreement about the limits of Rule 12(b)(6), 11 days after this case was argued, four Seventh Circuit judges ruled that:

> Rule 12(b)(6) should be employed only when the complaint does not present a legal claim. A contention that a debt-collection notice is confusing is a recognized legal claim; no more is needed to survive a motion under Rule 12(b)(6). Such a claim may fail on the facts, but assessing factual support for a suit is not the office of Rule 12(b)(6). [*Johnson v. Revenue Management Corp., et al.*, 98-3001, (7th Cir. 1999)]

A fifth Seventh Circuit judge dissented on the Rule 12(b)(6) issue, but agreed with the majority decision to remand the case. The dissenting judge in *Johnson* stated that it was contrary to established Circuit and Supreme Court convention to limit Rule 12(b)(6) dismissal to failure to present a legal claim. But that is not true. The *Johnson* majority is not contrary to *Neitzke*, it is not contrary to a plain reading of the Rule itself, and it is not contrary to the 1946 notes of the advisory committee (See Notes of Advisory Committee on 1946 amendments to Rules, Federal Rules of

Civil Procedure) which state in relevant part that Rule 12(b)(6) "is substantially the same as the old demurrer for failure of a pleading to state a cause of action." Unfortunately none of the judges who participated in *Johnson* participated in the present case.

ARGUMENT 2

The Seventh Circuit May Not Permit Employers Who Do Not Have Made for Hire Agreements to Use 17 U.S.C. § 101(2) Material "In Any Manner for Any Purpose Whatsoever"

A. Authorship and Made for Hire Works

The made for hire provision of the Copyright Act of 1976 permits employers to claim authorship and all rights of copyright for nine types of works created by independent contractors if the employer includes statutorily-required language in an agreement that is signed by the parties [17 U.S.C. § 101(2)]. Employers may acquire rights of copyright from independent contractors in other ways, such as by means of a transfer or license, but a made for hire agreement for qualifying works is the only way an employer can acquire authorship of copyrightable material without actually being an author [17 U.S.C. §§ 101(2), 201(a), 201(b)].

While both defendants have argued in the alternative that they are joint authors of the report by virtue of project oversight, the agreement between NJDA and Kennedy permits Kennedy to independently copyright his work, makes no mention of an intent to create joint works of any kind, and neither of the defendants contributed to the 150 page document. To be a joint author, the Act requires both prior

intent and authorship. As a result, the defendants are not joint authors and the district court agreed (Appendix B at 36a).

Nevertheless, the courts below drew on language not associated with "copyright" in the agreement, and held that the defendants could use the plaintiff's copyrightable material "in any manner for any purpose whatsoever". (Appendix A at 7a - 8a)

One of the problems with that all-encompassing ruling is that only an author can use copyrightable material in that manner. Not even a full transfer conveys such complete rights of ownership, because the scope of the ruling has no limits, and permits the defendants to claim authorship as well as ownership. The Seventh Circuit ruling transformed the defendants from commissioning parties who had no made for hire agreement, transfer, or exclusive license, into authors who had exclusive ownership of the copyright and all rights of copyright. Nothing in the Act permits the court to do that.

The Seventh Circuit's ruling puts common law contract conventions ahead of statutory guarantees. (Appendix A at 7a) A unanimous Supreme Court held in *Reid* that employers who fail to acquire all rights of copyright at the outset of a project may not subsequently claim remaining rights simply because they were the hiring party. *Community for Creative Non-Violence v. Reid* 490 U.S. 730 (1989):

> ...petitioners' interpretation "leaves the door open for hiring parties, who have failed to get a full assignment of copyright rights from independent contractors falling outside the subdivision (2) guidelines, to unilaterally obtain work-made-for-hire rights years after the work has been completed as long as they

> directed or supervised the work, a standard that is hard not to meet when one is a hiring party." Hamilton, Commissioned Works as Works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice, 135 U. Pa. L. Rev. 1281, 1304 (1987).

In *Reid*, the Supreme Court also took exception to attempts to transform commissioned works into made for hire works when they are not:

> Transforming a commissioned work into a work by an employee on the basis of the hiring party's right to control, or actual control of, the work is inconsistent with the language, structure, and legislative history of the work for hire provisions.

And the Court stressed Congress' desire to enhance the certainty of copyright ownership in the 1976 Act:

> ...Congress' paramount goal in revising the 1976 Act [was one] of enhancing predictability and certainty of copyright ownership. See H. R. Rep. No. 94-1476, supra, at 129. In a "copyright marketplace," the parties negotiate with an expectation that one of them will own the copyright in the completed work. Dumas, 865 F.2d, at 1104-1105, [490 U.S. 730, 750] n. 18. With that expectation, the parties at the outset can settle on relevant contractual terms, such as the price for the work and the ownership of reproduction rights.

The defendants have not actually argued that the material at issue is made for hire. They acknowledged early on that it was not because there never was a made for hire agreement. But the defendants have repeatedly argued that the material is nevertheless theirs. The Kentucky suit claimed breach of contract when IJJC and NJDA were not permitted to alter the plaintiff's material; and the defendants claimed joint authorship in federal court for the same reason. Actually they were never prevented from reproducing and publishing any of the material in whole or in part. Their principal constraint was that they could not alter any of the material they used.

B. The Copyright Act of 1909

The courts below both failed to ask why the contract was substantially at odds with the Copyright Act of 1976 -- a problem that should have prevented 12(b)(6) dismissal in the first place.

While the agreement between NJDA and Kennedy explicitly permits Kennedy to copyright his material (Appendix A at 3a - 4a), the Copyright Act of 1976 permitted him to do that before he signed the agreement. That raises the question: Why would anyone familiar enough with copyright law to use terms of art to acquire reproduction and publication rights 1) "grant" the author the right to copyright material he already statutorily owns and authored?, and 2) why employ a word like "use" if "derivative" is what was intended? Furthermore, why would anyone familiar with the 1976 Act bother to acquire a nonexclusive license if they already had the right to use the material "in any manner for any purpose whatsoever"?

One explanation is that the individual who wrote the usage clause wrote it for another purpose altogether, and wrote it long ago to comply with the Copyright Act of 1909 rather than the Copyright Act of 1976. Prior to the current Act, courts took the position that commissioned parties impliedly consented to convey the copyright and the work to the hiring party. There are other differences between the 1909 and 1976 Acts that help explain why the two sentence usage clause is confusing and inconsistent with statutory requirements when read within the context of the 1976 Act, and the dissenting opinion addresses some of those contradictions. (Appendix A at 14a.)

The dissenting opinion in Appendix A at 12a - 14a is important not only because it points to ambiguities in the two sentence usage clause, but because it helps illustrate the internal inconsistency between the first and second sentence of the usage clause if one attempts to read the entire clause in light of the 1976 Act. Material must be original to be copyrightable, yet the clause distinguishes between "original" and "copyrightable" material. That is a contradiction under the current Act, but not under the 1909 Act.

While it would be difficult to know the origin of the copyright clause without requiring the defendants to disclose and verify the source, it is relatively easy to show that the clause comports substantially better with the Copyright Act of 1909 than it does with the Copyright Act of 1976. To begin with, the two sentence usage clause puts the cart before the horse by claiming rights over material the current Act does not permit employers of independent contractors to acquire without explicit statutorily-prescribed language; and the clause attempts to acquire ("reserve") rights that employers no longer inherently own under the current Act.

When the entire usage clause is read within the context of the 1909 Act, inconsistencies and contradictions disappear. That is due in part to the 1909 Act's reliance on common law and statutory law in ways that permitted employers, as one of many possible examples, to acquire authorship and ownership of commissioned works without a written agreement.

To illustrate, the first sentence of the two sentence usage clause provides in relevant part that: "Where activities supported by this contract produce original [material] the government has the right to use, duplicate and disclose, in whole or in part, such materials in any manner for any purpose whatsoever and have others do so." That language is entirely consistent with the 1909 Act and common law copyright. But under the 1976 Act and statutory copyright, employers of independent contractors are not permitted to acquire rights of copyright in that manner, even if the material does not meet the content requirements of § 101(2). Collective works, compilations, and all § 101(2) material have required employers to obtain made for hire agreements for more than 20 years. The clause completely ignores that requirement because it was written for the 1909 Act.

Nimmer also sheds light on why the provision that "the government has the right to use, duplicate and disclose, in whole or in part, such materials in any manner for any purpose whatsoever" is consistent with the 1909 Act but not the current Act:

> ... under the 1909 Act, the rights of the commissioning party were broader than under the current Act in two respects. First, copyright could inhere in the commissioning party, notwithstanding the absence of a written agreement between the parties so providing. It

> is true that, even under the 1909 Act, an assignment of statutory copyright was required to be in writing. But prior to the present [1976] Act, at the moment in time when a work was created, it was protected by common law, not statutory copyright, and common law copyrights could be transferred either orally, or by implication from the conduct of the parties. The courts were therefore able to infer, even in the absence of a writing, an intent to transfer to the commissioning party common law copyright (and the right to obtain statutory copyright). Because statutory copyright attaches to all fixed works upon creation under the current Act, all transfers of copyright must be in writing. Further, under the 1909 Act, a commissioning party could claim copyright as against the independent contractor, regardless of whether or not the work fell within one of the prescribed categories of works discussed above. Nimmer on Copyright § 5.03[B][2][c], 5-46, 47 (1999).

The second sentence of the usage clause in the contract between Kennedy and NJDA reinforces the likelihood that the entire clause was written for the 1909 Act. The second sentence uses a word -- in addition to the word "use" -- that is relevant under the 1909 Act, but noticeably incorrect in a contract prepared under the 1976 Act. The word is "reserves" as used in the following excerpt: "the government reserves a royalty-free non-exclusive and irreversible license to reproduce, publish, and use...."

The word "reserve" refers to rights the author or copyright owner will retain. Use of the word "reserve" in the

copyright clause is predicated on the notion that the government will inherently hold the copyright. That would have been correct under the 1909 Act, but not under the 1976 Act. Under the 1909 Act the employer automatically owned the common law copyright for works made for hire, even when employees were independent contractors. So, under the 1909 Act, it would have made sense for the employer to explicitly indicate that it intended to "reserve" all or certain rights of copyright, particularly if the employer intended to permit the contractor to hold the statutory copyright.

Under the 1976 Act, the word "reserve", when used in an employer-prepared agreement that refers to rights the employer intends to retain, is noticeably out of place. The employer has nothing to reserve if the employee is an independent contractor. Furthermore, if the employee agrees to permit the employer to exercise certain rights, the employee "grants" the employer those rights and determines the terms under which the employer may exercise them. Under the 1976 Act, only the contractor is in a position to "reserve" rights, but it was the other way around in the 1909 Act.

CONCLUSION

The petitioner neither argues for nor against the constitutionality of 17 U.S.C. § 511. He believes the Court made its sovereign immunity position clear in *Seminole*, *Florida Prepaid*, and *College Savings Bank*, and that the Eleventh Amendment will not be abrogated under Article I. But, the petitioner asks that the Court settle it unambiguously with regard to copyright because under current law there is no viable remedy against defendant Illinois.

The petitioner encourages the Court to provide district court judges with more guidance on the limits of 12(b)(6)

dismissal. It was used to avoid a constitutional challenge in this case, a purpose much different than the stated purpose of the Rule. While *Conley* can be read in a way that encourages district court judges to assess factual support, *Conley v. Gibson* as a whole does not appear to point in that direction, and neither does *Neitzke*. The internal disagreement in the Seventh Circuit over the proper role of 12(b)(6) is confusing for judges and litigants.

Finally, the Seventh Circuit's failure to ask why the district court did not at least ask about the origin of a contract that makes no sense under existing law is of concern. Only one appellate judge noticed the inconsistencies, or was troubled enough by them to comment. The important thing in this petition is not whether the contract mistakenly incorporated law that was discarded 25 years ago. The important thing is that under any circumstance, statutory safeguards take precedence over poorly written contracts.

The Court is respectfully urged to grant this petition to clarify issues of fundamental importance to authors, courts, employers, litigants, and the public.

Respectfully submitted,

/s/_____

Edwin Kennedy
Petitioner *Pro Se*
781 County Road A
Edgerton, WI 53534
(608) 884-6775

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

[Filed August 9, 1999]

No. 98-1458

EDWIN KENNEDY,
Plaintiff,

v.

NATIONAL JUVENILE DETENTION ASSOCIATION and ILLINOIS JUVENILE JUSTICE COMMISSION,
Defendants.

OPINION

JUDGES: Before Bauer, Manion, and Rovner, Circuit Judges

OPINION BY: BAUER

Edwin Kennedy appeals the district court's decision to dismiss his copyright infringement claim pursuant to Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim

upon which relief can be granted. Kennedy claims that this decision was in error because the consulting agreement he entered into with the National Juvenile Detention Association ("NJDA") did not grant either the NJDA or the Illinois Juvenile Justice Commission ("IJJC") the right to produce derivative works from his report. For the reasons set forth below, we affirm the district court's decision.

I. BACKGROUND

The facts of the case, predominantly taken from Kennedy's first amended complaint, are regarded as true for the purposes of this appeal. On October 30, 1995, Kennedy and the NJDA entered into an agreement for Kennedy to provide consulting services, to conduct a study of the juvenile justice requirements of the Seventh Judicial Circuit of Illinois (the "circuit"), and to submit a written report of his findings. The study was funded by the IJJC. The goals of the study were to collect data regarding current juvenile detention practices, to recommend improvements in the juvenile detention process, and to estimate future juvenile detention requirements within the circuit. The contract was to run until September 30, 1996.

On September 20, 1996, Kennedy submitted a draft of his report to the NJDA. At the behest of the NJDA and IJJC, Kennedy made minor revisions to his report for no additional compensation. A few months later, the NJDA requested that Kennedy, in exchange for an additional $10,000, make more revisions to his report because the original changes were not as extensive as they had hoped. Kennedy refused to make the revisions because he was concerned about compromising the integrity of his work, and he subsequently applied to register

a copyright in his work. The copyright was effectively registered on January 13, 1997. In the meantime, the NJDA requested that Kennedy provide a disk with his copy of the final report. Thinking this was a condition for payment according to the agreement, Kennedy supplied the NJDA with the disk. When the contract had expired and Kennedy had refused to make further revisions to his report, the NJDA hired Craig Boersema to supervise the completion of the report. Kennedy was fully compensated for his completed work.

On January 17, 1997, Anne Studzinski, administrator of the IJJC, hosted a meeting in Chicago, attended by the NJDA's Executive Director Earl Dunlap, and Boersema, for the purpose of altering Kennedy's report; Kennedy neither knew of nor assented to the revision. Studzinski defended her revision of the report based on a clause in the contract which states:

> Where activities supported by this contract produce original computer programs (the term computer programs includes executable computer programs and supporting data in any form), writing, sound recordings, pictorial reproductions, drawing or other graphical representations and works of any similar nature, the government has the right to use, duplicate and disclose, in whole or in part, such materials in any manner for any purpose whatsoever and have others do so. If the material is copyrightable, Edwin Kennedy may copyright such, but the government reserves a royalty-free non-exclusive and irreversible

> license to reproduce, publish, and use such materials in whole or in part and to authorize others to do so.

In March of 1997, Kennedy released his version of the report, and on April 1, 1997, Dunlap issued a press release discrediting Kennedy and his work in order to promote the revised version of the work. The NJDA published the official report in August of 1997.

Kennedy filed suit against the NJDA and IJJC for copyright infringement in the Western District of Wisconsin. The NJDA and IJJC filed motions to dismiss the claim based on lack of subject matter jurisdiction, lack of personal jurisdiction, improper venue, and failure to state a claim. The parties also sought sanctions under Rule 11. Additionally, the IJJC claimed sovereign immunity under the Eleventh Amendment. The district court did not rule on the Eleventh Amendment claim, but granted the defendants' motions to dismiss for failure to state a claim, rejecting the other theories as well as the request for sanctions. Kennedy now appeals the dismissal arguing that, for a variety of reasons, the case should not have been dismissed pursuant to Rule 12(b)(6). The NJDA reasserts its contention that it had the right to produce derivative works from Kennedy's report or, in the alternative, that it had a right, as a joint author of the study, to publish its version of the report.

II. ANALYSIS

A. Motion To Dismiss

Although Kennedy raises a variety of issues on this appeal, they can, for the most part, be boiled down to one whether the district court properly granted the defendants'' motion to dismiss pursuant to Rule 12(b)(6) for failure to state a claim. A motion to dismiss should not be granted "unless it appears beyond doubt that the plaintiff cannot prove any facts that would support his claim for relief." *Craigs, Inc. v. General Elec. Capital Corp.*, 12 F.3d 686, 688 (7th Cir. 1993). We review a district court's decision to grant a motion to dismiss *de novo* and regard all well-pleaded facts as true, looking at them in a light most favorable to the plaintiff. *Hentosh v. Herman M. Finch Univ. of Health Sciences/The Chicago Medical School,* 167 F.3d 1170, 1173 (7th Cir. 1999). When a contract is attached to the pleadings, we may look beyond the pleadings and look at that contract to determine whether the motion to dismiss was properly granted. *Craigs, Inc.*, 12 F.3d at 688.

Kennedy concedes that the contractual agreement conferred upon the NJDA the right to reproduce and publish his report, however he argues that it did not grant either the NJDA or IJJC the right to create derivative works from it. The owner of a copyright of literary material is granted exclusive rights to do and authorize another to do any of the following: (1) reproduce the copyrighted work; (2) prepare derivative works based upon the copyrighted work; (3) distribute copies of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending. 17 U.S.C. § 106. Any of these exclusive ownership rights

may be transferred by written instrument. *Id.* § 204. When such a conveyance is made, the grantee has an exclusive license in the copyrighted material. *I.A.E., Inc. v. Shaver,* 74 F.3d 768, 774-75 (7th Cir. 1996). The holder of an exclusive license violates the copyright if he exceeds the scope of that license. *Id.* at 775.

Alternatively, the owner of a copyright may permit another to merely use the copyrighted material without transferring ownership in the copyright. This is called a nonexclusive license. *Id.* A nonexclusive license need not be evidenced by a writing. *See Nimmer on Copyright* § 10.03[A]. An implied nonexclusive license has been granted when (1) the licensee requests the creation of a work; (2) the licenser creates the work and delivers it to the licensee who asked for it; and (3) the licenser intends that the licensee copy and distribute the work. *Shaver,* 74 F.3d at 776 (citing *Effects Assoc., Inc. u. Cohen,* 908 F.2d 555, 558-59 (9th Cir. 1990)).

Normal rules of contract construction are generally applied in construing copyright agreements. *Nimmer on Copyright* § 10.08. Under Wisconsin law, contracts are to be construed as they are written. *Amcast Indus. Corp. v. Affiliated FM Ins. Co.,* 584 N.W.2d 218, 226 (Wis. App. 1998). When the language is plain and unambiguous, a reviewing court must construe the contract as it stands. *Keller v. Keller,* 571 N.W.2d 182, 184 (Wis. App. 1997). In construing the contract, terms are to be given their plain and ordinary meaning. *Meyer v. City of Amery,* 518 N.W.2d 296, 298 (Wis. App. 1994). The fact that a term is general enough to encompass more than one interpretation does not necessarily make that term ambiguous. *Amcast,* 584 N.W.2d

at 226 (citing *Mattheis by Vowinkel v. Heritage Mut. Ins. Co.*, 487 N.W.2d 52, 54 (Wis. App. 1992)). Finally, giving a reasonable meaning to every provision of the contract is preferable to leaving some of the language useless or superfluous. *Heritage Mutual Ins. Co. v. Truck Ins. Exchange*, 516 N.W.2d 8, 9 (Wis. App. 1994).

The district court found, and we agree, that the consulting agreement granted the NJDA a nonexclusive license to reproduce, publish, and use Kennedy's copyrighted report. The court also found that the term "use" must give the defendants rights beyond those of reproduction and publication. Moreover, it found that, considering the broad, comprehensive grant of authority given to the NJDA and IJJC, it was irrelevant that the agreement did not specifically refer to the defendants' right to create derivative works from Kennedy's copyrighted materials. Therefore, the district court found that the agreement gave the defendants permission to alter Kennedy's report and create a derivative work from it.

The NJDA suggests in its brief that the word "use" in this case is synonymous with Prepare derivative works." While we will not go so far as to agree with this interpretation, in the context of the consulting agreement between Kennedy and the NJDA, the term "use" does encompass the act of creating derivative works. As stated above, the agreement gave the defendants "the right to use, duplicate and disclose, in whole or in part, such materials in any manner *for any purpose whatsoever.*" (emphasis added). This phrase grants considerable latitude to the defendants to use Kennedy's report. Additionally, it gives the defendants the right to "reproduce, publish, *and use*" any copyrighted

material (emphasis added). Kennedy argues that the defendants' rights are limited to those of reproduction and publication of his works. In accordance with general contract construction, however, we agree with the district court that this contract granted rights beyond those of reproduction and publication. In the context of copyright law, one of those other rights is the right to prepare derivative works. To read the agreement any other way would render the term "use" superfluous.

Kennedy also argues that the district court erred by construing ambiguous language of the consulting agreement in favor of the drafting party, the NJDA. This argument is without merit. The district court did not find, nor do we, that the language in the agreement is ambiguous. Accordingly, we construe the contract as it stands. *Heritage Mutual Ins. Co.*, 516 N.W.2d at 9. And as the contract stands, it grants the defendants the right to use Kennedy's report for any purpose whatsoever.

Because we have decided that the language of the consulting agreement granted the NJDA and the IJJC the right to produce derivative works, we need not decide whether the NJDA and Kennedy are joint authors of the report. Such a decision would be necessary should the NJDA try to copyright the report, but we are not faced with that issue.

As an alternative theory as to why the district court erred in dismissing his claim, Kennedy asserts, for the first time on this appeal, that the defendants' actions constituted a violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). Ordinarily, absent extreme circumstances, we do not consider arguments that are raised for the first time on

appeal. *Coffey v. Van Dorn Iron Works,* 796 F.2d 217, 220 (7th Cir. 1986). However, as Kennedy points out, the complaint does not necessarily have to point to the proper statute in order to state a cause of action to which he is entitled relief. *Tolle v. Carroll Touch, Inc.,* 977 F.2d 1129,1134 (7th Cir.1992). Kennedy, especially as a *pro se* litigant, can state a cause of action even if he points to the wrong legal theory, so long as "relief is possible under any set of facts that could be established consistent with the allegations." *Id.* (quoting *Shannon v. Shannon,* 965 F.2d 542 (7th Cir. 1992), *cert. denied, Shannon v. United Services Auto. Ass'n.,* 506 U.S. 1028 (1992)). Giving Kennedy the benefit of the doubt, we will examine his Lanham Act claim.

We have decided that a plaintiff must prove the following three elements to state a claim under the Lanham Act: (1) that the defendant used a false designation of origin or false description or representation in connection with goods or services; (2) that such goods or services entered interstate commerce; and (3) that the plaintiff is a person who believes he is likely to be damaged as a result of the misrepresentation. *Web Printing Controls Co., Inc. v. Oxy-Dry Corp.,* 906 F.2d 1202, 1204 (7th Cir. 1990). One situation in which an author could file a Lanham Act claim, as opposed to a copyright infringement claim, would be to ensure that his name is associated with a work when the work is used; this is known as a "reverse passing off" claim. *Waldman Pub. Corp. v. Landoll, Inc.,* 43 F.3d 775, 781 (2nd Cir. 1994). Another situation where an author could assert a Lanham Act violation would arise when an author, whose name is associated with a given work, does *not* want to be associated with that work. *Id.* at 780. This is known as a "passing off" or "palming off" claim. *Id.* Kennedy relies on *Smith v. Montoro,* 648 F.2d

602 (9th Cir. 1981), in claiming that the Lanham Act applies to the defendants' conduct. That case involved a reverse passing off in which the defendant replaced the plaintiff's name with another's name in the credits and advertisements of a motion picture. *Id.* at 603. The court noted that reverse passing off occurs when the defendant removes the name or trademark from another person's product and sells it with a different name, thus confusing the public. *Id.* at 605. However, it is generally accepted that an author who sells or licenses his work, absent an express provision in a contract, does not have an inherent right to be credited as the author of the work. *Nimmer on Copyright* § 8D.03 [A][1]. No such provision exists in the consulting agreement between Kennedy and the NJDA. Moreover, we are confused as to why Kennedy now raises a Lanham Act violation when it appears that he does not want his name, which is not on the NJDA's version of the report, to be associated with it. After all, he published his own version of the report and he claims that the revisions made by the NJDA compromise the academic integrity of his report. Therefore, Kennedy's Lanham Act claim is misplaced, and his appropriate remedy would stand within the copyright laws, which, as we discussed, were not violated in this case.

B. Rule 11 Sanctions

The NJDA sought costs and attorney's fees from Kennedy pursuant to Rule 11 of the Federal Rules of Civil Procedure. The district court denied this request, and we affirm that decision. We give deference to the district court's decision to grant or deny Rule 11 sanctions. *Mars Steel Corp. v. Continental Bank MA.*, 880 F.2d 928, 933 (7th Cir. 1989). In this case (even though it was disposed of on a

motion to dismiss), the claim was not frivolously brought, especially considering the plaintiff's lack of legal representation. Nor was it brought without the proper evidentiary support. The fact that we did not rule in Kennedy's favor does not automatically entitle the defendants to Rule 11 sanctions. We see no reason to disturb the district court's ruling on this matter.

C. Eleventh Amendment

The district court disposed of this matter without passing on the issue of whether the IJJC is immune to a copyright suit under the Eleventh Amendment, which states, "[t]he Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State." U.S. Const. Am. XI. Briefs submitted by the IJJC and the U.S. Department of Justice ask us to resolve the issue but disagree about whether the issue is jurisdictional. Since the immunity granted by the Eleventh Amendment may be waived and matters of subject matter jurisdiction may not, the Eleventh Amendment immunity is not jurisdictional. Because we can decide the case on non-constitutional grounds, we will not rule on the issue of whether the copyright laws abrogate a state's immunity from suits in federal court.*

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* Although the United States Supreme Court recently ruled in *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board, 1999* WL 412639 (June 23, 1999) that § 43(a) of the Lanham Act does not abrogate a State's sovereign immunity from suit in Federal court, this ruling has no effect on this case since it has been decided on other grounds.

III. CONCLUSION

For the aforementioned reasons, we AFFIRM the district court's decision to grant the defendants' motion to dismiss.

MANION, *Circuit Judge,* concurring in part and dissenting in part. The court accurately sets out the law governing copyright law but I respectfully dissent from the court's application of that law. In all other respects I concur.

At this point in the litigation, the defendants do not dispute that Kennedy has a valid copyright interest in his report. As copyright holder, Kennedy has three exclusive rights that are relevant here: the right "to reproduce the copyrighted work," 17 U.S.C. § 106(1); the right "to prepare derivative works based upon the copyrighted work," § 106(2); and the right "to distribute copies . . . of the copyrighted work," § 106(3). Kennedy alleges, and the defendants do not dispute, that the report the defendants prepared is a derivative work based upon his report. The issue before us, then, is whether the defendants had a license to make this derivative work.

As the court notes, opn. at 3, the contract between the parties contained two separate clauses granting the defendants rights in works created as part of the study: one clause applied (presumably to non-copyrightable materials) generally, and the other applied to copyrightable works. The general clause stated: "the government has the right to use, duplicate and disclose, in whole or in part, such materials in any manner or for any purpose whatsoever." The clause for

copyrightable works was similar, but different in important respects: "the government reserves a royalty-free non-exclusive and irreversible license to reproduce, publish, and use such materials in whole or in part." First, the clause governing copyrightable materials does not include the phrase from the general clause "in any manner or for any purpose whatsoever," so it apparently grants somewhat more limited rights than does the general clause. Second, two of the three verbs describing the rights granted are different. Although the words used in the general clause, "duplicate" and "disclose," are very similar in meaning to the ones used in the copyrightable clause, "reproduce" and "publish," the latter two are terms of art taken from the Copyright Act while the former are not. As noted above, a copyright holder has the right to "reproduce" and "distribute" the copyrighted work, and under the Act "publish" means the same as "distribute," *see* 17 U.S.C. § 101 (defines "publication" using same language that § 106(3) uses to describe "distribute"). There is no dispute then that the contract unambiguously grants the defendants two of Kennedy's exclusive statutory rights. But those two don't include the third, the right to make derivative works, the right at issue here.

So the issue is whether "use," the third verb in the clause, unambiguously grants to the defendants the right to prepare derivative works. The other two verbs in this clause are unambiguous because they are statutory terms of art. But the drafters of the contract (the defendants) chose not to use the third term of art—"prepare derivative works." Instead they used the vague term "use." This suggests that the parties intended "use" to mean something other than simply "prepare derivative works." They may have intended it to mean something more than prepare derivative works or perhaps

something less. It is very possible that they intended it to mean only prepare derivative works. But their intention is not clear from the contract's text, and so this term is "ambiguous." *Rosplock v. Rosplock,* 577 N.W.2d 32, 36 (Wis. Ct. App. 1998) ("A written contract is ambiguous if it is reasonably susceptible to more than one meaning."). Thus the parties should be given the opportunity to create a record to show what meaning was intended, *see Jones v. Jenkins,* 277 N.W.2d 815, 819 (Wis. 1979) ("where an ambiguity exists in a contract which requires resort to extrinsic evidence, the question is one of fact"), and doubts should be construed against the drafters to the extent doing so does not otherwise frustrate the intentions of the parties, *Kohler Co. v. Vixen,* 555 N.W.2d 640, 645 (Wis. Ct. App. 1996). Thus I would reverse the district court's dismissal under Fed.R.Civ.P. 12(b)(6).

IJJC also raised an Eleventh Amendment argument that the district court did not decide. (This issue has no impact on NJDA because it is not a state actor.) Whether the Eleventh Amendment bars copyright suits against the states is a difficult issue, but one we need not decide. On April 20, 1999, the Supreme Court heard arguments in two companion cases that raise this issue. *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board,* No. 98-149; *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank,* No. 98-531. Were this case remanded, the district court could consider these anticipated Supreme Court decisions.

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APPENDIX B

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

[Filed February 4, 1998]

No. 97-C-0261-C

EDWIN KENNEDY,
Plaintiff,

v.

NATIONAL JUVENILE DETENTION ASSOCIATION and ILLINOIS JUVENILE JUSTICE COMMISSION,
Defendants.

OPINION AND ORDER

COUNSEL: For Plaintiff: Edwin Kennedy, *Pro Se*

For Defendant NJDA: Eugenia Carter, LaFollette and Sinykin, Madison, WI.
For Defendant IJJC: Daniel P. Fitzgerald, Assistant Attorney General, Chicago, IL.
For Intervenor United States: W. Scott Simpson, Attorney, Civil Division Washington, D.C.

JUDGES: Barbara B. Crabb, Judge,
United States District Court

OPINION BY: BARBARA B. CRABB

In this civil action for injunctive and declaratory relief, plaintiff contends that defendants violated the Copyright Act, 17 U.S.C. §§ 101-1101, by altering his copyrighted work entitled "Seventh Judicial Circuit Juvenile Justice Master Plan," a report on the juvenile justice requirements of the Seventh Judicial Circuit of Illinois. Both defendants have filed motions to dismiss plaintiffs amended complaint for lack of personal jurisdiction, Fed.R.Civ.P. 12(b)(2), improper venue, 12(b)(3), and failure to state a claim upon which relief can be granted, 12(b)(6). Additionally, defendant Illinois Juvenile Justice Commission asserts an Eleventh Amendment sovereign immunity defense under Fed.R.Civ.P. 12(b)(1). Also before the court are defendant National Juvenile Detention Association's motion for Rule 11 sanctions and plaintiffs motion to reconsider certain conclusions reached in this court's October 8, 1997, order denying his request for a preliminary injunction.

Although the facts appear to establish that personal jurisdiction and venue are appropriate in this district, it is clear from the face of the complaint that defendants were legally authorized to engage in the challenged conduct. Therefore, plaintiff's amended complaint will be dismissed for failure to state a claim upon which relief can be granted. Attached to the amended complaint, and incorporated as part of the pleading under Fed.R.Civ.P. 10(c), is a contract in which plaintiff grants defendants a license to alter the disputed document. Because the contract makes dismissal of the

lawsuit clear and conclusive, I refrain from considering defendant Illinois Juvenile Justice Commission's sovereign immunity defense, which presents a novel question of constitutional law. Dismissal of the amended complaint renders plaintiff's request for reconsideration moot. Defendant National Juvenile Detention Association's request for sanctions under Rule 11 will be denied because the amended complaint is not a frivolous pleading without basis in fact and law.

The following substantive allegations are taken from plaintiffs amended complaint, including the exhibits attached thereto. The jurisdictional facts are taken from the affidavits of plaintiff, Earl Dunlap and Anne Studzinski.

FACTS

A. Allegations in Amended Complaint

On October 30, 1995, plaintiff and defendant National Juvenile Detention Association entered into an agreement for consulting services in which plaintiff agreed to conduct a study of the juvenile justice requirements of the Seventh Judicial Circuit of Illinois and submit a written report of his findings. The study was funded by a grant from defendant Illinois Juvenile Justice Commission which, although not a signatory to the agreement for consulting services, exercised day-to-day financial and operational control over the project. The contract provided that plaintiff would be compensated at a rate of $55 an hour for his work. The agreement required plaintiff to submit a draft report for review, receive comments on that draft and revise the report accordingly. Under the

heading "Published Materials and Copyrights," the contract stated as follows:

> Where activities supported by this contract produce original computer programs. . . , writing, sound recordings, pictorial reproductions, drawing or other graphical representations and works of any similar nature, the government has the right to use, duplicate and disclose, in whole or in part, such materials in any manner for any purpose whatsoever and have others do so. If the material is copyrightable, Edwin Kennedy may copyright such, but the government reserves a royalty-free non-exclusive and irreversible license to reproduce, publish, and use such materials in whole or in part and to authorize others to do so.

Plaintiff conducted the study and submitted a draft of his report to defendants on September 20, 1996. The agreement for consulting services expired on September 30, 1996. After a period of review and comment, plaintiff made minor changes to his draft without receiving additional payments. On December 1, 1996, Earl Dunlap, executive director of defendant National Juvenile Detention Association, informed plaintiff that defendant Illinois Juvenile Justice Commission desired more extensive revisions to the report and offered plaintiff $10,000 to make those changes. Concerned about compromising the integrity of his work, plaintiff declined this offer and submitted copies of his report in final form to defendants and, on December 10, 1996, to the

Register of Copyrights. Plaintiffs copyright was effectively registered on January 13, 1997.

On December 15, 1996, Dunlap told plaintiff that he would not be paid the approximately $8,000 still owed him under the contract unless he provided Dunlap with a disk copy of the final report. Assuming it was part of his obligation under the agreement, plaintiff complied and received the payment. On December 16, plaintiff notified Dunlap that the report had been copyrighted in accordance with the agreement. On January 17, 1997, Anne Studzinski, administrator of defendant Illinois Juvenile Justice Commission, hosted a meeting in Chicago at which plaintiffs report was substantially altered. That meeting was held without plaintiffs consent or knowledge and was attended by Dunlap and a consultant hired to revise plaintiffs report. In a March 25, 1997, letter to Dunlap, Studzinski stated that defendants were authorized to use plaintiffs report "for whatever purposes [they] deem[] appropriate." In a press release issued by defendant National Juvenile Detention Association on April 1, 1997, Dunlap was quoted as saying, "The report issued by Kennedy was not approved by the project team at any time and the team in no way endorses it." A Springfield, Illinois newspaper article dated April 7, 1997, states that, according to Dunlap, "Kennedy left the team last September and his document is not the final version of the actual report," but that "much of Kennedy's document appears identical to the state-funded team's final report."

B. Jurisdictional Facts

Plaintiff is a resident of Wisconsin. Defendant National Juvenile Detention Association is headquartered in

Richmond, Kentucky, and incorporated under the laws of that state. Defendant association has no office or agent in Wisconsin and only five of its more than 600 members reside there. It has conducted no studies in Wisconsin and has held only one seminar in that state, which was unrelated to the juvenile detention study at issue here. Defendant association has placed advertisements for its workshops in the nationally circulated periodical Youth Today, which has 1,100 subscribers in Wisconsin. Defendant Illinois Juvenile Justice Commission is an arm of the state of Illinois, created pursuant to statute, with its principal office located in Chicago, Illinois. Defendant commission has no office space, officers, staff members or agents in Wisconsin.

The contract for consulting services reached between plaintiff and defendant National Juvenile Detention Association was executed in Kentucky. The study and report on which this lawsuit is based addresses the juvenile justice system in the Seventh Judicial Circuit of Illinois. The data collection for the study was done in Illinois and all meetings of the study's research team, of which plaintiff was a member, were held in Illinois or Kentucky. The final official report detailing the study's findings was prepared in Illinois and released in Springfield, Illinois, in August 1997.

Plaintiff learned of the study initially through a telephone call placed to his Wisconsin office by Studzinski. During the course of the study, he received several telephone calls to his office by agents of defendants. Plaintiff designed, researched and drafted his report predominantly at his Wisconsin office. In December 1996, Dunlap telephoned plaintiff in Wisconsin to request that plaintiff mail a disk copy

of his report and data to the office of defendant National Juvenile Detention Association.

OPINION

Defendants move to dismiss plaintiffs amended complaint under Federal Rules of Civil Procedure 12(b)(1), (2),(3) and (6). The Federal Rules of Civil Procedure apply to federal copyright suits only to the extent specified by the rules of the Supreme Court. Fed.R.Civ.P. 81(a)(1). However, under the Copyright Rules promulgated by the Supreme Court, 214 U.S. 533 (1909), the rules of civil procedure apply in copyright proceedings to the extent they are nor inconsistent \with specific Copyright Rules governing the seizure of infringing material. See 14 James Wm. Moore et al., Moore's Federal Practice 11 81.07[2] (3d ed. 1997). Fed.R.Civ.P. 12 applies to federal copyright claims. See Mid America Title Co. v. Kirk, 991 F.2d 417 (7th Cir. 1993) (applying 12(b)(6) motion to dismiss standard in copyright infringement suit).

A. Eleventh Amendment

The state defendant, Illinois Juvenile Justice Commission, asserts that 'plaintiffs copyright claim against it is prohibited by the Eleventh Amendment, which bars private party federal suits against unconsenting states or state entities. See Seminole Tribe of Florida v. Florida, 116 S. Ct. 1114, 1122 (1996). However, individuals may sue state entities consistently with the Eleventh Amendment's sovereign immunity rule in the two following circumstances: when Congress has abrogated the states' immunity from suit pursuant to a valid constitutional authorization or when the

state has waived its immunity by consenting to be sued. See *Marie O. v. Edgar*, *No. 96-3609, slip op. at 10 (7th Cir.* Dec. 2, 1997) (citing Seminole Tribe, 116 S. Ct. at 1122-23 and Atascadaro State Hospital v. Scanlon, 473 U.S. 234, 238 (1985)). No waiver is asserted here. However, in the Copyright Act, Congress stated specifically that states are not immune under the Eleventh Amendment from suits for copyright infringement. See 17 U.S.C. §§ 501(a), 511(a), 911(g)(1). Defendant contends that this legislation amounts to an unauthorized abrogation of immunity forbidden by the Supreme Court's recent decision in Seminole Tribe.

In Seminole Tribe, 1 16 S. Ct. at 1128, the Supreme Court held that § 5 of the Fourteenth Amendment provides the only constitutional authorization for Congress to abrogate the Eleventh Amendment immunity of the states. Legislation passed pursuant to any other provision of the Constitution purporting to abrogate immunity is invalid. See id. at 1125-28 (holding invalid abrogation passed under article 1 Indian commerce clause and overruling Pennsylvania v. Union Gas Co., 491 U.S. 1 (1989), which allowed abrogation under Article 1 commerce clause). The question here is whether the abrogation language found in the Copyright Act was passed under the authority of the Fourteenth Amendment. The United States, which has intervened in defense of the statute, contends that the disputed legislation falls within the enforcement authority granted Congress in the Fourteenth Amendment because the act protects individuals' property rights from state encroachment. Defendant commission argues that the Copyright Act is outside the scope of the Fourteenth Amendment, the purpose of which is to remedy unequal treatment and government discrimination, and was

enacted under the Constitution's copyright and patent clause, art. 1, § 8, cl. 8.

This case presents an interesting constitutional question of first impression. Federal courts have applied the restrictions of Seminole Tribe to several other existing legislative abrogation clauses, with varying results. See College Savings Bank v. Florida Prepaid Postsecondary Educ. Expense Bd. , Nos. 97-5055, 97-5086, 1997 WL 749514 (3d Cir. 1997) (no valid abrogation under Lanham Act unfair competition provisions because no property right in being free from unfair competition); Close v. New York, 125 F.3d 31 (2d Cir. 1997) (no valid abrogation for Fair Labor Standards Act overtime provisions passed under commerce clause power); Dep't of Transportation and Development v. PNL Asset Management Co.. L.L.C. *(In re* Estate of Fernandez), 123 F.3d 241 (5th Cir. 1997) (no valid abrogation under bankruptcy statute because no evidence legislation enacted to remedy breach of rights); Crawford v. Indiana Dep't of Corrections, 115 F.3d 481 (7th Cir. 1997) (abrogation Cause in ADA valid because act passed under Fourteenth Amendment power to remedy discrimination); Timmer v. Michigan Dep't of Commerce, 104 F.3d 833 (6th Cir. 1997) (abrogation Cause of Equal Pay Act valid because statute is anti-discrimination measure within scope of Fourteenth Amendment). In the only case of this kind challenging an intellectual property statute similar to the Copyright Act, the federal district court for the District of New Jersey upheld the abrogation Cause of the federal patent statute, 35 U.S.C. § 296(a). College Savings Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 948 F. Supp. 400 (D.N.J. 1996) (also holding abrogation clause of Lanham Act invalid, which ruling was upheld by the Third Circuit at 1997 WL

749514, cited above). In the portion of the ruling in College Savings Bank upholding the Patent Act, the district court relied on the historical treatment of patents as "property" in concluding that Congress could protect them from state infringement under the Fourteenth Amendment. This issue has been appealed and is scheduled for argument before the Court of Appeals for the Federal Circuit.

The parties suggest that this case may be disposed of on other grounds, without resolution of the constitutional question of Eleventh Amendment immunity from copyright suits. The rule is long established that federal courts must consider nonconstitutional grounds for decision before reaching any constitutional questions. See Gulf Oil Co. v. Bernard., 452 U.S. 89, 99 (1981). In competition with this rule, however, is the notion that Eleventh Amendment sovereign immunity restricts the judicial power granted under Article III and limits the subject matter jurisdiction of the courts. See Seminole Tribe, 116 S. Ct. at 1131-32; Marie O., No. 96-3609, slip op. at 10. However, both before and after the decision in Seminole, the Supreme Court has drawn a distinction between the absolute limitations of subject matter jurisdiction, which is non-waivable, and the workings of sovereign immunity. See Idaho v. Coeur d'Alene Tribe of Idaho, 117 S. Ct. 2028, 2033 (1997); see also Patsy v. Board of Regents of the State of Florida, 457 U.S. 496, 515-16 n.19 (1982) (stating that, although Eleventh Amendment "partakes of the nature of a jurisdictional bar," its waivability and dependence on state law prevent it from being "jurisdictional in the sense that it must be raised and decided by this court on its own motion"). Here, because the parties (including the state defendant) have invited resolution without consideration of the Eleventh Amendment defense and because disposition

on the merits can be achieved quickly and easily, I will not decide the constitutionality of the Copyright Act's abrogation clauses.

B. Personal Jurisdiction and Venue

Both defendants request dismissal on the basis of lack of personal jurisdiction and improper venue. In copyright actions, personal jurisdiction and venue determinations overlap substantially. Under Fed.R.Civ.P. 4(k)(1)(A), plaintiff may establish' personal jurisdiction by showing that defendants' ties to Wisconsin are sufficient to authorize a Wisconsin court's exercise of jurisdiction over them. See Janmark, Inc. v. Reidy, No. 97-1426, slip op. at 1-3 (7th Cir. Dec. 24, 1997). To establish proper venue, plaintiff must show that defendants' ties to this particular district would subject them to personal jurisdiction here if the Western District were a separate state. 28 U.S.C. §§ 1391(c), 1400(a); see also Milwaukee Concrete Studios Ltd. v. Field Mfg. Co., 8 F.3d 441, 445 (7th Cir. 1993). Because defendants' relevant contacts with Wisconsin all involve the Western District, the personal jurisdiction and venue considerations are coextensive in this case. Plaintiff bears the burden in both inquiries. See RAR, Inc. v. Turner Diesel, Ltd., 107 F.3d 1272, 1276 (7th Cir. 1997) (personal jurisdiction); International Travelers Cheque Co. v. Bankamerica Corp., 660 F.2d 215, 222 (7th Cir. 1981) (venue). At this stage, however, plaintiff need make only a prima facie showing of personal jurisdiction and is entitled to resolution of all relevant factual disputes in his favor. Nelson is. Park Industries Inc., 717 F.2d 1120, 1123 (7th Cir. 1983).

Before a federal court may exercise personal jurisdiction over a non-resident defendant, the court must determine that such action is both authorized by state law and consistent with constitutional due process limitations. See Dehmlow v. Austin Fireworks, 963 F.2d 941, 945 (7th Cir. 1992). Plaintiff may show that defendants' ties to Wisconsin subject them to personal jurisdiction here under two different theories, general and specific jurisdiction. See Logan Productions, Inc. v. Optibase. Inc., 103 F.3d 49, *52* (7th Cir. 1996). General jurisdiction exists if a party has "continuous and systematic" contacts with the forum state and allows a party to be sued in that state on any matter, even those unrelated to their contacts. See id. (citing Helicopteros Nacionales de Colombia, SW v. Hall, 466 U.S. 408, 416 (1984)); see also Wis. Stat. § 801.05(1)(d) (authorizing jurisdiction over party that is "engaged in substantial and not isolated activities within this state"). Specific jurisdiction may be exercised over a party who has ties to the forum state that are related to the subject matter of the litigation, although the contacts are too sporadic or insubstantial to give rise to general jurisdiction. See Logan Productions, 103 F.3d at *52*.

Plaintiff has not shown that either defendant maintained continuous and systematic contacts with the state giving rise to general jurisdiction. There is no evidence that defendant Illinois Juvenile Justice Commission had any contacts with Wisconsin. As for defendant National Juvenile Detention Association, plaintiff has shown only that five of defendant association's more than 600 members reside in Wisconsin, that it held one unrelated seminar in this state and that it regularly advertises in a national periodical that has 1,100 Wisconsin subscribers. A single seminar does not satisfy the "substantial and not isolated activity" requirement

of Wis. Stat. § 801.05 (1) (d) or the constitutional "continuous" contact test of Helicopteros, 466 U.S. at 416. Similarly, the defendant association's small Wisconsin membership and advertisements in a national periodical do not demonstrate that it "enjoys the benefits and protection of the laws of that state" such that the extension of general jurisdiction would be "reasonable and just." International Shoe Co. v. Washington, 326 U.S. 310, 319-20 (1945). See also Hall's Specialties, Inc. v. Schupbach, 758 F.2d 214, 216-17 (7th Cir. 1985) (advertisement in national publication insufficient contact with state); Vermont Yogurt Co. v. Blanke Baer Fruit & Flavor Co., 107 Wis. 2d 603, 321 N.W.2d 315 (Ct. *App.* 1982) (finding no personal jurisdiction under § 801.05(1)(d) despite defendant's advertising and part-time salesperson in Wisconsin).

Plaintiff fares better on the issue of specific jurisdiction. The heart of his case is that defendants injured him when they altered his protected written work in violation of the Copyright Act. It is undisputed that the actual alteration of the document took place outside Wisconsin. However, in Indianapolis Colts, Inc v. Metropolitan Baltimore Football Club Ltd. Partnership, 34 F.3d 410, 411 (7th Cir. 1994), the Court of Appeals for the Seventh Circuit observed that trademark infringement in a foreign state causes injury in the state in which the trademark owner resides and uses the mark. In that case, the Indianapolis Colts of the National Football League sought an injunction under the federal trademark statute preventing a Canadian Football League team in Baltimore from calling itself the Colts. The court of appeals held that, by infringing the "Colts" mark in Baltimore, the defendants "assumed the risk of injuring valuable property located in Indiana." Id. This local injury

allowed Indiana, the copyright owner's home state, to exercise personal jurisdiction over the foreign infringer consistent with constitutional due process requirements. Id. at 412. The court of appeals indicated that this local injury principle was appropriate in all personal jurisdiction disputes involving intellectual property. Id.

Under the approach taken in Indianapolis Colts, it is clear that defendants are constitutionally amenable to the jurisdiction of a court in Wisconsin. Plaintiff holds his copyright in this state. To the extent defendants' alleged infringement will reduce the value of the copyrighted work, that injury will be felt here. See id. at 411 ("If the trademarks are impaired, as the suit alleges, the injury will be felt mainly in Indiana."). Having established that the exercise of personal jurisdiction over defendants is consistent with constitutional due process, plaintiff faces a minimal additional burden, if any, in showing that jurisdiction is authorized under Wisconsin law. See Mamco Corp. v. Max Buchanan Co., 793 F. Supp. 200, 202 (E.D. Wis. 1992) ("This court must also construe the long-arm statute liberally in favor of the exercise of jurisdiction, because the Wisconsin legislature intended the statute to extend jurisdiction to the fullest extent permitted under the due process clause.") (citing Schroeder v. Raich, 89 Wis. 2d 588,593-94,278 N.W.2d 871 (1979)). Such authorization can be found through reasonable interpretations of Wis. Stat. § 801.05(4) (local injury for foreign act), § 801.05(5)(b) (local services performed by plaintiff for defendant) and § 801.05(5)(d) (things of value shipped from Wisconsin to defendant at defendant's direction). In light of the Wisconsin Supreme Court's direction that the provisions of § 801.05 be given a liberal construction that provides for the exercise of personal

jurisdiction to the full extent allowed under the Constitution, see Schroeder, 89 Wis. 2d at 593-94,278 N.W.2d 871, I conclude that plaintiff has established a prima facie case for personal jurisdiction over both defendants.

C. Failure to State a Claim

In determining whether a complaint should be dismissed under Fed.R.Civ.P. 12(b)(6), a federal court faces a limited task: "a complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief." Conley v. Gibson, 355 U.S. 41, 45-46 (1957). See also Gutierrez v. Peters, 111 F.3d 1364, 1368 (7th Cir. 1997). All well pleaded facts and reasonable inferences therefrom are taken as true and viewed in the light most favorable to plaintiff. See Gutierrez, 111 F.3d at 1369. Because plaintiff is proceeding pro se, his amended complaint must be given a particularly liberal construction and held to a less stringent standard than if it were drafted by counsel. See Haines v. Kerner, 404 U.S. 519, 521 (1972); Gutierrez, 111 F.3d at 1369.

Plaintiffs amended complaint includes the bare essentials necessary for a copyright infringement claim. He alleges that he holds a federally registered copyright in a written document and that the document was altered by defendants to create a derivative work in violation of 17 U.S.C. § 501. Nothing more is required to state a claim for copyright infringement under the notice pleading requirement of Fed.R.Civ.P. 8(a). See Mid America Title, 991 F.2d 417, 421 (holding that brief statement in complaint asserting that suit was for protection of "a compilation of factual

information" sufficed to put defendant on notice of copyright claim under Rule 8(a)). However, even a complaint that satisfies the notice pleading threshold may be dismissed under Rule 12(b)(6) if it includes additional factual allegations showing that the plaintiff is not entitled to judgment. See Gutierrez, 111 F.3d at 1374; American Nurses' Ass'n v. Illinois, 783 F.2d 716, 724 (7th Cir. 1986) ("A plaintiff who files a long and detailed complaint may plead himself out of court by including factual allegations which if true show that his legal rights were not invaded."). The additional factual material prompting 12(b)(6) dismissal may be found in the complaint itself or in documents attached to the pleadings. See In re Matter of Wade, 969 F.2d 241, 249 (7th Cir. 1992).

Attached to the amended complaint is a copy of the October 1995 contract between plaintiff and defendant National Juvenile Detention Association, which outlines specifically the parties' rights to copyright and use any original writings produced under the agreement. Although plaintiff is authorized to copyright such work, the contract extends to "the government" (defendant Illinois Juvenile Justice Commission) the right "to use, duplicate and disclose, in whole or in part, such materials in any manner for any purpose whatsoever and have others do so." The contract provides further that, as to any material copyrighted by plaintiff, "the government reserves a royalty-free non-exclusive and irreversible license to reproduce, publish, and use such materials in whole or in part and to authorize others to do so." Plaintiff does not dispute that his final report is an original writing covered by this portion of the contract. Further, the alterations of plaintiffs report were undertaken or authorized by the "the government" (defendant commission). The language of the agreement defining the

manner in which defendants may use the writings, which appears virtually unlimited in scope, covers the alleged conduct of defendants.

Plaintiff disagrees, pointing out that the contract does not confer specifically on defendants the right to create "derivative works." He contends that, under the contractual license, defendants are allowed to reproduce and publish his report, but not alter its substance. Plaintiffs position is in conflict with a plain reading of the contract, which granted defendants a license to "reproduce, publish *and use* such materials in whole or in part." To mean anything in this sentence, the term "use" must give defendants rights beyond those of reproduction and publication. The federal statute specifies only one other right held by the owner of a copyright for such material: the ability to create derivative works. See 17 U.S.C. § 106. Additionally, the language outlining the scope of defendants' license must be read in conjunction with the preceding sentence, in which the government's "right to use" the report is defined to include use "in any manner [and] for any purpose whatsoever." The contract's failure to refer to derivative works specifically is irrelevant given its broad, comprehensive grant of authority to defendants. Because the agreement granted defendants the authority to alter plaintiff's report and publish the altered version, the amended complaint fails to state a claim and will be dismissed under Rule 12(b)(6).

In a final attempt to avoid the effects of the contract, plaintiff contends that certain provisions of the Copyright Act prohibit a broad interpretation of the non-exclusive license found in the agreement. First, plaintiff contends that a non-exclusive license does not transfer copyright ownership

under 17 U.S.C. § 101. This statement is correct, see I.A.E., Inc. v. Shaver, 74 F.3d 768, 775 (7th Cir. 1996), but irrelevant. Defendants do not claim ownership of any copyright and, more important, do not need copyright ownership to alter plaintiffs report. Ownership of a copyright affords a party certain rights, primarily the right to sue others for infringement, and exists when a party has an exclusive right held by no other to use a protected work, either for general or specific purposes. See 3 Melville B. Nimmer & David Nimmer, Nimmer on Copyrights, § 10.02 (1997). Defendants do not need to establish a transfer of copyright ownership because they do not assert any ownership rights, that is, they do not assert any exclusive rights in plaintiffs report.

What defendants do assert is a non-exclusive license to copy, publish and alter the report. In a non-exclusive license, the copyright owner permits a licensee to use the protected material in a specified manner while reserving the right to allow others to use the material as well. See I.A.E.,74 F.3d at 775. This is exactly what plaintiff granted defendants in the October 1995 agreement: non-exclusive permission to copy, publish and use his final report. The fact that the license authorizes defendants to use the report to create derivative works does not transform it from a valid non-exclusive license to an invalid attempt to transfer ownership, as plaintiff claims. Copyright ownership stems from exclusivity of use, not the ability to alter a protected document.

Plaintiff concludes incorrectly that the exclusion of non-exclusive licenses from the list of transactions constituting a transfer of copyright ownership under 17 U.S.C. § 101

reflects a legal aversion to such agreements. To the contrary, the distinction in § 101 favors non-exclusive licenses, which as a result are not required to be placed in writing under the statute. See 17 U.S.C. § 204(a) (requiring that transfers of copyright ownership be made by written instrument); I.A.E., 74 F.3d at 774-75 (holding that oral and implied nonexclusive licenses are enforceable). In actuality, the validity of non-exclusive licenses is well established. See 17 U.S.C. § 205(e) (giving written non-exclusive license priority when it conflicts with transfer of copyright ownership); I.A.E., 74 F.3d at 775 (holding that nonexclusive licenses create affirmative defense to infringement action).

Finally, plaintiff makes a rather cryptic argument that 17 U.S.C. § 201 (e) prevents enforcement of the broad non-exclusive license. Section 201(e) invalidates government attempts to seize copyright ownership rights involuntarily. It was passed during the cold war to prevent nations such as the Soviet Union from using United States copyright laws to censor dissident works of foreign authors. See Nimmer, supra, § 10.04. Although its post-cold war applicability is uncertain, see id., § 201 (e) has no effect here. The statute concerns copyright ownership and exclusive rights, but, as discussed above, only non-exclusive rights are asserted by defendants. Further, the rights defendants do assert were transferred voluntarily under the plain language of the parties' October 1995 agreement.

Because the agreement attached to the amended complaint demonstrates dearly and finally that plaintiffs infringement claims against defendants must fail, I need not consider the parties' additional 12(b)(6) arguments regarding joint authorship and works for hire. Similarly, plaintiff's

motion for reconsideration, in which he challenges two conclusions reached by this court regarding defendant National Juvenile Detention Association's possible role as supervisor and joint author of plaintiffs report, is moot. Plaintiffs amended complaint must be dismissed irrespective of those conclusions.

D. Rule 11 Sanctions

Defendant National Juvenile Detention Association requests this court to order plaintiff to pay defendant association's costs and attorney fees in this action as a sanction under Fed.R.Civ.P. 11. Rule 11 is designed to curb abuses of the judicial system by requiring litigants to certify to the court by signature that any papers filed are well founded in fact and law. Business Guides, Inc. v. Chromatic Communications Enterprises. Inc., 498 U.S. 533,542 (1991). Rule 11 applies to any signer of a complaint or pleading, even those proceeding ~2 se. Vukadinovich v. McCarthy, 901 F.2d 1439, 1445 (7th Cir. 1990). However, courts may take into account a party's pro se status when considering whether to award sanctions under Rule 11. Id. (citing Fed.R.Civ.P. 11, Notes of Advisory Committee, 1983 Amendment and Williams v. Faulkner, 837 F.2d 304, 307 (7th Cir. 1988)).

Defendant has not demonstrated that Rule 11 sanctions are warranted here, particularly given plaintiffs lack of legal representation. Defendant points to the contractual language, as well as similar language in a memo from plaintiff, authorizing the copying, publication and use of plaintiffs report. However, plaintiff interpreted this language, including the term "use," as not including the right to alter his report. Although I rejected plaintiffs interpretation as

contrary to the contract's plain meaning, I cannot conclude that his interpretation is so baseless as to violate Rule 11.

Defendant contends that facts conceded by plaintiff prove his final report to be a work of joint authorship under copyright law, rendering his infringement claim frivolous. It is questionable whether the writing at issue is a jointly authored work; joint authorship requires that two or more parties contribute "significantly copyrightable material," Seshadri v. Kasraian, No. 97-1610, slip op. at 9 (7th Cir. Dec. 3, 1997), and plaintiff asserts that he omitted from his copyright registration the portions of the report containing significant contributions of others. Even if the entire report was created jointly, the agreement governing its creation authorizes plaintiff alone to copyright the work, apparently giving plaintiff sole copyright ownership. See id. at 9-10 (holding that "authorship" can be transferred to another contractually). Resolution of the joint authorship question is unnecessary; its existence shows that defendants' defense under this theory is not so obvious as to render plaintiffs amended complaint frivolous in violation of Rule 11.

The remaining grounds asserted by defendant for sanction fail as well. Noting plaintiff's concession to have not seen the altered copy of the report before he filed his amended complaint, defendant argues that plaintiffs pleading was filed without evidentiary support in violation of Rule 11(b)(3). However, plaintiff alleges that he received first person accounts of the alteration and thereby satisfies Rule 11(b)(3)'s requirement that his allegations are "likely to have evidentiary support after a reasonable opportunity for further investigation or discovery." Finally, defendant points to statements plaintiff made to the court in which he asserts that

he was informed through an FBI agent that an Assistant United States Attorney had reviewed defendants' conduct and determined that criminal prosecution might be appropriate. The Assistant United States Attorney has denied rendering such an opinion. However, plaintiff did not assert that he received the opinion directly from the federal prosecutor. Defendant has not shown that plaintiff misrepresented the report he received from the FBI agent. More important, defendant has not shown that the statements at issue extended this litigation or caused defendant to incur additional legal expenses.

ORDER

IT IS ORDERED that the motions to dismiss of defendants National Juvenile Detention Association and Illinois Juvenile Justice Commission are GRANTED and plaintiff Edwin Kennedy's amended complaint is DISMISSED for failure to state a claim upon which relief can be granted under Fed.R.Civ.P. 12(b)(6). Further, IT IS ORDERED that plaintiff Edwin Kennedy's motion for reconsideration is DENIED and defendant National Juvenile Detention Association's motion for sanctions under Fed.R.Civ.P. 11 is DENIED. The clerk of the court is directed to enter judgment for defendants and close this case.

JUDGMENT IN A CIVIL CASE

This action came for consideration before the court with U.S. DISTRICT JUDGE BARBARA B. CRABB presiding. The issues have been considered and a decision has been rendered.

IT IS ORDERED AND ADJUDGED that the motions to dismiss of defendants National Juvenile Detention Association and Illinois Juvenile Justice Commission are GRANTED and plaintiff Edwin Kennedy's amended complaint is DISMISSED for failure to state a claim upon which relief can be granted under Fed.R.Civ.P. 12(b)(6). Judgment is entered for defendants and this case is CLOSED.

APPENDIX C

UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

[Filed September 24, 1999]

No. 98-1458

EDWIN KENNEDY,
Plaintiff,

v.

NATIONAL JUVENILE DETENTION ASSOCIATION and ILLINOIS JUVENILE JUSTICE COMMISSION,
Defendants.

ORDER

JUDGES: Before Bauer, Manion, and Rovner, Circuit Judges

Plaintiff-appellant has filed a petition for rehearing and petition for rehearing en banc. No judge in regular active service has requested a vote on the petition for rehearing en banc, and all of the judges on the panel have voted to deny rehearing. The petition for rehearing is therefore DENIED.